

Message Text

UNCLASSIFIED

PAGE 01 ABU DH 01290 01 OF 03 081105Z

ACTION COME-00

INFO OCT-01 NEA-11 ISO-00 AGRE-00 CIAE-00 EB-08 INR-10

LAB-04 NSAE-00 SP-02 STR-07 TRSE-00 FRB-01 OMB-01

ITC-01 /046 W

-----041348 081246Z /11

P 080843Z MAY 78

FM AMEMBASSY ABU DHABI

TO SECSTATE WASHDC PRIORITY 7788

UNCLAS SECTION 1 OF 3 ABU DHABI 1290

E O 11652: NA

TAGS: BEXP, TC

SUBJ: MARKET FOR LEATHER FOOTWEAR IN THE UAE

REF: STATE 65524

1. SUMMARY. SURVEY OF LOCAL MERCHANTS SHOWS THAT FRENCH, BRITISH, AND ITALIAN SHOES DOMINATE HIGH PRICED SEGMENT OF SMALL LOCAL MARKET FOR LEATHER FOOTWEAR; LOW PRICE SHOES COME FROM ASIA, LEBANON AND EUROPEAN SUPPLIERS. VERY FEW AMERICAN SHOES ARE SOLD HERE AND THE COST EFFECTIVENESS OF AN ATTEMPT AT GREATER MARKET PENETRATION WOULD BE QUESTIONABLE. END SUMMARY.

2. EMBASSY HAS INTERVIEWED 13 WHOESALE AND RETAIL SHOE SELLERS IN ABU DHABI AND DUBAI. MERCHANTS SAID THEY WERE UNABLE TO GIVE THE TYPE OF HIGHLY DETAILED MARKET BREAKDOWNS REQUESTED BY REF. FOLLOWING INFORMATION REFLECTS OUR SYNTHESIS OF THE RESULTS OF THESE INTERVIEWS. GROSS FIGURES WERE OBTAINED FROM ABU DHABI AND DUBAI CUSTOMS STATISTICS AND PROBABLY REPRESENT IN EXCESS OF 90 PERCENT OF IMPORTS INTO THE UNITED ARAB EMIRATES. (SEVERAL OF UAE EMIRATES DO NOT COLLECT AND PUBLISH IMPORT/EXPORT STATPSTICS.)

3. WITH A POPULATION OF ABOUT 860,000, THE UNITED ARAB EMIRATES HAS LITTLE POTENTIAL FOR BECOMING AN IMPORTANT IMPORTER OF LWATHER FOOTWEAR. THY LOCAL CITIZEN POPULATION, ABOUT 15 PERCEN, WEARS UNCLASSIFIED

UNCLASSIFIED

PAGE 02 ABU DH 01290 01 OF 03 081105Z

SANDALS EXCEPT WHEN THEY TRAVEL ABROAD TO COUNTRIES WHERE WEATHER OR A DESIRE TO CONFORM TO LOCAL FASHIONS REQUIRE THAT SHOES BE WORN. ASIAN LABORERS, AT LEAST HALF THE POPULATION, BUY RUBBER OR LEATHER SANDALS, IF THEY PURCHASE FOOTWEAR AT ALL. THE RE-MAINDER OF UAE RESIDENTS ARE EXPATRIATE ARABS, WHITE COGLAR SUB CONTINENTALS, EUROPEANS AND AMERICANS WHO ACCOUNT FOR ABOUT THREE FOURTHS OF THE SHOES PURCHASED.

4. LOCAL PRODUCTION OF FOOTWEAR IS NEGLIGIBLE. A FEW COBBLERS MAKE SANDALS AND DO INDIFFERENT SHOE REPAIRS. THERE IS LITTLE LIKELIHOOD THAT ANY MANUFACTURING MIGHT BEGIN IN THE FORESEEABLE FUTURE SINCE IT WOULD REQUIRE IMPORTS OF LABOR MACHINERY, AND RAW MATERIALS. UAEG POLICY DISCOURAGES LABOR INTENSIVE INDUSTRY SINCE IT WOULD MEAN A PERMANENT INCREASE IN AN EXPATRIATE POPULATION THAT NOW OUTNUMBERS CITIZENS BY FIVE OR MORE TO ONE.

5. FOLLOWING SUB-PARAS A-H ARE KEYED TO REFTTEL PARA 4A-H

A. TOTAL APPARENT MARKET.

ABU DHABI STATISTICS LIST ALL FOOTWEAR IMPORTS UNDER ONE CUSTOMS CLASSIFICATION. DUBAI DIVIDES THEM INTO LEATHER SHOES, LEATHER SANDALS, PLASTIC SANDALS, CANVAS SHOES, AND OTHER. NEITHER GIVES NUMBERS OF PAIRS, ONLY WEIGHT AND VALUE. DUBAI'S STATISTICS ARE NET IMPORTS, AFTER DEDUCTIONS OF RE-EXPORTS TO OTHER GULF COUNTRIES. IMPORTS OF ALL TYPES OF FOOTWEAR ARE GIVEN FOLLOWED BY TOTAL IMPORTS OF LEATHER FOOTWEAR INTO DUBAI AND IMPORTS OF LEATHER SHOES TO DUBAI FROM LEADING SUPPLIERS PLUS THE US. FIGURES ARE IN METRIC TONS AND 1000S OF DIRHAMS. (US DOL 1.00 EQUAL DH 3.85). NO RETAILERS WOULD PROJECT THEIR SALES FOR 1978-80 SINCE THESE ARE LARGELY DEPENDENT ON THE COMPOSITION OF THE WHITE COLLAR AND EUROPEAN EXPATRIATE WORK FORCE. MAKE UP OF THIS GROUP FLUCTUATES WIDELY DEPENDING ON CURRENT NATIONALITY MIX OF IMMIGRANT WORKFORCE, AND PREDICTIONS WOULD BE SHEER GUESSWORK. HOWEVER, POST HAS MADE STRAIGHT LINE PROJECTION OF

UNCLASSIFIED

PAGE 03 ABU DH 01290 01 OF 03 081105Z

VOLUME OF IMPORT GROWTH. WASHINGTON AGENCIES SHOULD BEAR IN MIND THAT THESE ARE OF QUESTIONABLE VALIDITY.

IMPORTS OF ALL FOOTWEAR

AB	1975	1976	1977				
	MT	VALUE	MT	VALUE	ME	VALUE	
ABU DHABI	330	7409	376	9866	460	14000	
DUBAI	3303	35280	3650	41625	4251	53470	
TOTAL IMPORTS	3633	42689	4026	51491	4711	67470	
DUBAI LEATHER	1102	16086	941	15536	1321	22061	

IMPORTS OF LEATHER SHOES INTO DUBAI BY ORIGIN

N	1975	1976	1977				
	MT	VALUE	MT	VALUE	ME	VALUE	
CHINA(PRC)	390	3465	169	1318	182	1861	
CZECHOSLOVAKIA	129	2219	28	436	77	1398	
UK	62	1930	54	1593	63	2266	
US	16	563	13	482	14	591	
ROMANIA	9	298	378	4532	402	4846	
SINGAPORE	66	1037	82	1716	136	2539	

STRAIGHT LINE PROJECTED IMPORTS

	1978	1979	1980				
	MT	VALUE	MT	VALUE	MT	VALUE	
ABU DHABI	540	15,400	640	16,940	755	18,634	

DUBAI 4824 58,817 5475 64,698 6412 71,168
 TOTAL IMPORTS 5364 74,217 6115 81,638 6969 89,802
 DUBAI LEATHER 1690 24,267 2164 26,693 2770 29,363

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 ABU DH 01290 02 OF 03 090656Z
 ACTION COME-00

INFO OCT-01 NEA-11 ISO-00 AGRE-00 CIAE-00 EB-08 INR-10
 LAB-04 NSAE-00 SP-02 STR-07 TRSE-00 FRB-01 OMB-01
 ITC-01 (ISO) W

-----105191 151539Z /16

P 080843Z MAY 78
 FM AMEMBASSY ABU DHABI
 TO SECSTATE WASHDC PRIORITY 7789

UNCLAS SECTION 2 OF 3 ABU DHABI 1290

B. PRICE RANGES BY PRODUCT GROUPS.
 MERCHANTS SAID THEIR RETAIL PRICES RANGED FROM 15 TO 100 PERCENT MORE THAN THEIR WHOLESALE COST. OUR EXPERIENCE LEADS US TO BELIEVE THAT MARK-UPS OF 80-100 PERCENT ARE TO BE EXPECTED. MENS SHOES RANGED FROM 65 TO 700 DH AND AVERAGED 330. WOMENS RANGED FROM 22 TO 600 AND AVERAGED 218. CHILDRENS WENT FROM 25 TO 180 AND AVERAGED 59. ONLY TWO STORES CARRIED WESTERN BOOTS (DH 300-500), MOCCASINS (70-400), ATHLETIC SHOES (380-450), OUTDOOR BOOTS (140-500), AND WHITE DUTY SHOES (60-300). NONE STOCKED WORK/SAFETY SHOES OR SECURITY FORCE DUTY SHOES BUT ONE SAID HE WOULD BE INTERESTED IN US SAFETY SHOES. (TOP WILL BE SUBMITTED BY SEPTEL ON THIS OPPORTUNITY).

C. THE FOLLOWING POPULATION ESTIMATE BY AGE AND SEX AS OF DECEMBER, 11977, IS THE ONLY ONE AVAILABLE FOR THE UAE. OTHER STUDIES SHOW THAT UAE CITIZENS ARE ONLY 22 PERCENT OF THE 58,000 PUBLIC SECTOR EMPLOYEES. EMBASSY ESTIMATES PRIVATE SECTOR WORK FORCE TO BE 400,000 OF WHICH THE VAST MAJORITY ARE UN-SKILLED OR SEMI SKILLED ASIAN LABORERS.

ESTIMATED POPULATION OF UAE BY AGE AND SEX DECEMBER 1977

AGE GROUPS	MALE	FEMALE	TOTAL	PERCENT
0-4	50300	48100	98400	11.4
5-14	68800	59900	128700	14.9
15-24	136700	46900	183600	21.3
25-34	201000	44600	245600	28.5
35-44	98300	22600	120900	14.0

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 ABU DH 01290 02 OF 03 090656Z

45-54	38300	12800	51100	5.9
55-64	12600	7600	20200	2.3
65-74	5700	4200	9900	1.2
75-84	1800	1400	3200	0.4
85 PUUS	200	200	400	0.1
TOTAL	613700	248300	862000	100.0

SOURCE: MINISTRY OF PLANNING, CENTRAL STATISTICAL DEPARTMENT, "STATISTICAL AGENDA 1978".

IN LATE 1977, THE UAEG HAD A CRACKDOWN ON ILLEGAL IMMIGRATION WHICH HAS CONSIDERABLY DAMPENED THE RATE OF POPULATION GROWTH. THE EFFECTS OF THE NEW RESTRICTIONS AND OF A SLOWDOWN IN BUILDING CONSTRUCTION CANNOT BE PRECISELY DETERMINED YET, BUT THEY ARE LIKELY TO RESULT IN SOME CHANGES IN THE DEMOGRAPHICS OF THE EXPATRIATE LABOR FORCE. IF THE CONSTRUCTION INDUSTRY GROWS AT ITS CURRENT, MORE MODERATE RATE, THERE SHOULD BE WEAKER DEMAND FOR UNSKILLED AND SEMI SKILLED LABOR AND A PROPORTIONATE INCREASE IN THE PERCENTAGE OF WHITE COLLAR AND SKILLED IMMIGRANTS. THE LATTER HAVE HIGHER DISPOSABLE INCOME AND ARE MORE LIKELY TO PURCHASE LEATHER SHOES. THERE ARE NO FIGURES AVAILABLE ON DISTRIBUTION OF PER CAPITA INCOME BY AGE GROUP.

D. ACCORDING TO MERCHANTS INTERVIEWED, PURCHASERS ARE VERY CONSCIOUS OF THE LATEST STYLES, AND PAY CLOSE ATTENTION TO QUALITY AND FIT. WHILE WOMEN BOUGHT SUBSTANTIAL QUANTITIES OF PLATFORM SHOES OVER THE LAST TWO YEARS, MEN DID NOT FAVOR THAT FAD. OTHER THAN BLUE JEANS, EUROPEAN CLOTHING STYLES ARE PREFERRED BY EXPATRIATES TO AMERICAN. SHOES SIZES RANGE FROM 5-11 (ENGLISH SYSTEM) WITH ABOUT HALF OF THE PURCHASES OF MEN'S IN 7 1/2 TO 9 1/2 (40-44CM) AND HALF OF THE WOMENS IN 6-7 (33-39CM). CHILDRENS SHOES ARE AVAILABLE IN SIZES FROM 2-6, ENGLISH. (ALL STORES CHECKED USED ENGLISH SIZES FOR CHILDRENS SHOES.) COMMON FOOT SHAPES APPEAR NORMALLY DISTRIBUTED AMONG POPULATION WITH SOME TENDENCY TO SPLAYED TOES AMONG SANDAL WEARERS.

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 ABU DH 01290 02 OF 03 090656Z

E. THERE ARE NO LOCAL MANUFACTURERS, EXCEPT INDIVIDUAL SHOEMAKERS IN MARKET PLACE. FOURTEEN ITALIAN BRANDS WERE CARRIED: ROSETTI, ORTHOS, ARITONIA, CARRETTI (2 STORES), ZENITH, ARTEOLI, URSOS, MILANO (3), SANDRA ANTHONY, GALAZY, CARMEN'S, PINO JARDINO, BATA, TRAEBER. FRENCH MANUFACTURERS ARE: IVES ST. LAURENT, DIOR (2), PIERRE CARDIN (3), MARBOT, CASTEA, CHARLES JARDIN, UMO EXPORT, BATA, GROUPSAC. BRITISH FIRMS ARE: JORDANS, KHIARA, LOTUS, BARBER, WORLDWIDE, NORTON, NORUSC, HOVERHILL, AND BATA. SWISS COMPANIES ARE BALLY (3) AND SWISSMAN; CZECH IS ARNESTOS; CYPRIOTS ARE EVERMEDES AND SIMON; LEBANESE ARE SILVER AND ALAHAR. ONE SYRIAN COMPANY SUPPLIES SANDALS AND BATA SHOES ALSO COME FROM

PAKISTAN, INDIA AND MALAYSIA. MERCHANTS GAVE WIDELY VARIED PERCENTAGE FIGURES FOR MARKET SHARES BY COUNTRY OF ORIGIN BUT POST DOES NOT BELIEVE THESE ARE RELIABLE. HIGHER PRICED FRENCH (JARDIN AND CARDIN) AND ENGLISH SHOES HOLD ABOUT 20 PERCENT EACH OF THE MARKET FOR MEN'S SHOES; BATA IS THE LARGEST SELLER IN LOW END. ITALIAN AND FRENCH SHOES HAVE THE HIGH END OF THE WOMEN'S MARKET. JORDAN'S WAS THE ONLY COMMON BRAND OF CHILDREN'S SHOES. RETAIL PRICES GENERALLY RAN 80-100 PERCENT HIGHER THAN WHOLESALE WHETHER SHOES WERE LOW OR HIGH PRICED.

F. ALL BUT TWO OF THE 13 FIRMS SURVEYED IMPORT DIRECTLY FROM THE MANUFACTURERS AND MOST ARE WHOLESALE AS WELL AS RETAIL OUTLETS. FOB PRICES WERE NOT AVAILABLE BUT RETAIL PRICES ARE ABOUT DOUBLE WHOLESALE. THERE ARE NO KEY DISTRIBUTORS. AL SAFRA TRADING & CONTRACTING ARE BALLY AGENTS IN ABU DHABI AND CROWN TRADING REPRESENTS BATA OF INDIA AND PAKISTAN. SALES ARE GENERALLY MADE BY IRREVOCABLE LETTER OF CREDIT AND CREDIT IS SELDOM AVAILABLE. ALL STORES SURVEYED CARRIED MEN'S SHOES; 9 OF 13 CARRIED WOMEN'S AND CHILDREN'S; THREE STOCKED MOCCASINS AND ATHLETIC FOOTWEAR; TWO HAD WESTERN AND OUTDOOR BOOTS, AND WHITE DUTY SHOES; NONE HAD WORK SHOES OR SECURITY FORCE DUTY SHOES.

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 ABU DH 01290 03 OF 03 081123Z
ACTION COME-00

INFO OCT-01 NEA-11 ISO-00 AGRE-00 CIAE-00 EB-08 INR-10
LAB-04 NSAE-00 SP-02 STR-07 TRSE-00 FRB-01 OMB-01
ITC-01 /046 W

-----041463 081241Z /11

P 080843Z MAY 78
FM AMEMBASSY ABU DHABI
TOMSECSTATE WAFB PRIORITY 7790

UNCLAS SECTION 3 OF 3 ABU DHABI 1290

G. TARIFF AND NONE TARIFF BARRIERS. TARIFFS ARE 4 PERCENT AD VALOREM IN DUBAI AND 1 PERCENT IN ABU DHABI. THERE ARE NO GOVERNMENT IMPOSED NON-TARIFF BARRIERS. THE PRINCIPAL IMPEDIMENTS TO INCREASED SALES OF US SHOES ARE A LACK OF BRAND NAME/PRODUCT RECOGNITION AND THE HIGH COST OF SHIPPING SMALL QUANTITIES OF MERCHANDISE TO SUCH A DISTANT, SMALL MARKET. AS THE NUMBER OF UAE COLLEGE STUDENTS STUDYING IN THE US RISES (THERE ARE CURRENTLY ABOUT 1200), PRODUCT RECOGNITION SHOULD INCREASE AND US BRANDS BECOME MORE MARKETABLE. AT PRESENT, THEY ARE VIRTUALLY UNAVAILABLE. US SHIPMENTS WERE LESS THAN 2 PERCENT BY WEIGHT IN ENJH OF THE LAST THREE YEARS.

H. ADVERTISING IS IN ITS INFANCY IN ABU DHABI AND IS APPROACHING ADOLESCENCE IN DUBAI. SOME STORES USE RADIO, TELEVISION AND NEWSPAPER ADS BUT MAJORITY RELY ON THEIR ESTABLISHED REPUTATIONS. WORD OF MOUTH QUICKLY SPREADS NEWS OF THE AVAILABILITY OF NEW STYLES. MERCHANDISE Seldom GOES ON SALE UNLESS IT HAS BEEN OVERSTOCKED AND IS SLOW MOVING.

6. EMBASSY COMMENT. PERHAPS 25 TO 30 PERCENT OF THE UAE'S ESTIMATED POPULATION OF 860,000 ARE PURCHASERS OF LEATHER FOOTWEAR, OR ABOUT 215-250,000 PEOPLE. NEITHER LOCAL ARABS NOR UNSKILLED IMMIGRANT WORKERS ARE GOOD MARKET OPPORTUNITIES; EXPATRIATES BUY 3 OF EVERY 4 PAIR. THE BUILD OF THE EXPATRIATES ARE INDIANS AND PAKISTANIS, OTHER ARABS, EUROPEANS, AND AMERICANS (US CITIZEN POPULATION IS ONLY ABOUT 2,300) IN DEMOGRAPHIC UNCLASSIFIED

UNCLASSIFIED

PAGE 02 ABU DH 01290 03 OF 03 081123Z

ORDER. PRICES AT THE HIGH END OF THE MARKET ARE NOT A SIGNIFICANT FACTOR.

7. IF US MANUFACTURERS HOPE TO PENETRATE THIS MARKET, THEY SHOULD RECOGNIZE THAT THEY WILL NEED TO PROMOTE THEIR BRANDS EXTENSIVELY TO ESTABLISH PRODUCT RECOGNITION, THAT SHIPPING COSTS WILL BE HIGHER THAN EUROWAN MAKERS FACE, AND THAT LOW COST SHOES ARE READILY AVAILABLE FROM BATA IN SEVERAL COUNTRIES, AND FROM SINGAPORE, THE PRC, ROMANIA, AND CZECHOSLOVAKIA. THE COST OF PENETRATING THIS MARKET WILL BE HIGH IN TERMS OF THE NUMBER OF PAIRS THAT COULD REASONABLY BE EXPECTED TO BE SOLD.
DICKMAN

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 08 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978ABUDH01290
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780204-0423
Format: TEL
From: ABU DHABI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780585/aaaacubi.tel
Line Count: 310
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 71f2b4a2-c288-dd11-92da-001cc4696bcc
Office: ACTION COME
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 78 STATE 65524
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2767562
Secure: OPEN
Status: NATIVE
Subject: MARKET FOR LEATHER FOOTWEAR IN THE UAE
TAGS: BEXP, TC
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/71f2b4a2-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014